



U.S. Department of Housing and Urban Development

District Office of the Inspector General
Richard B. Russell Federal Building
75 Spring Street, SW, Room 700
Atlanta, GA 30303-3388
(404) 331-3369

June 14, 1996

Audit-Related Memorandum
96-AT-248-1815

MEMORANDUM FOR: John Perry, Director, Office of Community Planning
and Development, 4AD

FROM: Kathryn Kuhl-Inclan
District Inspector General for Audit-Southeast/Caribbean, 4AGA

SUBJECT: Accounting System Evaluation
Cobb Family Resources Inc.
Marietta, Georgia

INTRODUCTION

From April 4, 1996 through April 17, 1996 we performed a limited review of the financial management system of The Cobb Family Resources Inc. (CFR) as it relates to its Supportive Housing Program. The CFR is designated as a program participant under grant no. GA06B95-1035-EO awarded on November 1, 1995, by HUD to the Metro Atlanta Task Force for the Homeless. A subrecipient agreement was executed between CFR and the Metro Atlanta Task Force on January 19, 1996. The total grant award from HUD is \$714,303 of which \$680,289 has been awarded to CFR as a subrecipient. CFR intends to use its funds to assist ten homeless families by providing transitional housing, case management, counseling, child care, relocation assistance, transportation, and food assistance. At the time of our review, the CFR board consisted of 30 members, a full time, salaried Executive Director and support staff.

SCOPE OF REVIEW

The purpose of our review was to provide you with reasonable assurance that this subrecipient of Supportive Housing funds has systems and controls in place to account for the receipt and disbursement of grant funds, and to accumulate and document statistical data to demonstrate program accomplishments and prepare required reports. As you know, our review was not an audit made in accordance with generally accepted government audit standards.

We interviewed the Executive Director and staff members and obtained documentation to verify whether: (1) a reasonable financial accounting system existed to capture and properly classify project expenditures, (2) the organization's staff appeared knowledgeable of its responsibilities as a recipient of Federal funds and under its contract with the Task Force for the Homeless, (3) the organization is legally established and appeared viable, and (4) the organization otherwise appeared reasonably prepared to carry out the objectives of its Supportive Housing Program. We looked for areas which indicated a need for technical assistance and guidance by your office and the Task Force.

OBSERVATIONS

CFR has established organizational, financial management, and program performance systems necessary to satisfactorily accomplish its Supportive Housing Program except as noted below. The organization is administering a transitional housing program through other grant funding, has obtained professional accounting services, has an involved and functioning Board of Directors, and has demonstrated success in helping homeless families. This organization has received prior federal funding and has experience in the area of federal grant compliance.

In examining the CFR management and accounting system, we found two conditions that may affect its control over the receipt and disbursement of federal grant funds. A CFR official stated they had experienced a computer software problem in January 1996 and could not produce monthly accounting reports. No back up system, manual or computerized, had been implemented so CFR could continue its accounting function. The Executive Director advised us that she was in the process of taking corrective action. Also, CFR did not have a procurement policy to specify a dollar limit for when bids, quotes or negotiation should be used. Follow-up by your office and/or the Metro Atlanta Task Force should be considered.

This memorandum is for your information; no response is necessary. If you have any questions or need additional information, please contact Nancy H. Cooper, Assistant District Inspector General for Audit, at (404) 331-3369.

DISTRIBUTION

Director, Community Planning and Development Division, 4AD
Director, Interagency Council on the Homeless, DEO
Director, Cobb Family Resources Inc.
Director, Atlanta Task Force for the Homeless